

Why Are Schools Billing Medicaid?

- Under Funded IDEA Mandate: Schools Provide IEP Services to All Students
- Medicaid reimbursement is available for covered health-related services in eligible students' IEPs
- Over half of every Medicaid reimbursement = unrestricted federal funds to the district



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Historically the IDEA mandate is underfunded and schools provide Special Ed services regardless. Medicaid reimbursement is available for covered health-related services that schools often provide under a student's IEP. Typically, Special Ed Students are enrolled in Medicaid at about the same rate, or slightly higher than the Medicaid Enrollment for the school's total student population.

IEP Services Medicaid Reimbursements: New Unrestricted Federal Funds

NET GAIN IN FEDERAL FUNDS FOR MEDICAID BILLING OF IEP SERVICES																				
Total Medicaid Payments for 1 Month	=	\$8,000.00																		
Monthly Tuition Support Payment	=	\$40,000.00																		
Less State Medicaid Match	=	-\$3040.00																		
Less 3% of Federal Share	=	-\$148.80**																		
Adjusted Tuition Support Payment	=	\$36,811.20																		
Total Receipts (federal and state dollars)	=	\$44,811.20																		
Less Medicaid Billing Agent Fee (avg*** of federal revenues)	=	-\$396.80***																		
Total Monthly State and Federal Receipts	=	\$44,414.40																		
<table> <tr> <td>Total (State&Federal) Medicaid \$</td><td>=</td><td>\$8000.00</td></tr> <tr> <td>-58% State \$ (move to tuition support)</td><td>=</td><td>-\$3640.00</td></tr> <tr> <td>Gross (62%) Federal Medicaid \$</td><td>=</td><td>\$4360.00</td></tr> <tr> <td>- 3% of Federal Share (State retains)</td><td>=</td><td>-\$148.80</td></tr> <tr> <td>- 8% of Fed Share - Billing Agent Fee</td><td>=</td><td>-\$396.80</td></tr> <tr> <td>Net Additional Federal Funds</td><td>=</td><td>\$4,414.40</td></tr> </table>			Total (State&Federal) Medicaid \$	=	\$8000.00	-58% State \$ (move to tuition support)	=	-\$3640.00	Gross (62%) Federal Medicaid \$	=	\$4360.00	- 3% of Federal Share (State retains)	=	-\$148.80	- 8% of Fed Share - Billing Agent Fee	=	-\$396.80	Net Additional Federal Funds	=	\$4,414.40
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*** Note: Billing Agent Fees vary by vendor.																				
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Medicaid reimbursement for covered IEP medical services includes both state and federal dollars. The federal dollars (about 66% of the total reimbursement) constitute new, unrestricted federal funds to the district. The state dollars in the Medicaid reimbursement check (about 34% of the total) are basically an advance on a small portion of your state tuition support. Districts can move the state dollars to their tuition support account. They are free to spend the federal dollars any way they choose – most reinvest all or part of the money into the area that generated the funds (Special Ed). The Director of School Finance has put together a video that walks you through the tuition support adjustment process. If you or your school financial officer is interested you can view it on IDOE's Web site. Go to the homepage at www.doe.in.gov, click "About Us" then click "Find an Office" and choose "Office of School Financial Management" – Click the link labeled "Video: State Tuition Support: A Step-by-Step look at the "Medicaid Adjustment"